

Message Text

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70

ACTION EUR-12

INFO OCT-01 ISO-00 AEC-05 AID-05 CEA-01 CIAE-00 CIEP-01

COME-00 DODE-00 EB-07 FPC-01 H-01 INR-07 INT-05 L-02

NSAE-00 NSC-05 OMB-01 PM-03 RSC-01 SAM-01 OES-03

SP-02 SS-15 STR-01 TRSE-00 FRB-01 FEA-01 PA-01 PRS-01

USIA-06 NEA-09 /099 W

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R 161622Z JAN 75

FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC 5008

INFO AMEMBASSY LONDON

LIMITED OFFICIAL USE THE HAGUE 0223

E.O. 11652: N/A

TAGS: ENRG, NL, UK

SUBJ: ARAB OIL FOR BRITISH OIL?

1. POSSIBILITY THAT AN ARAB STATE HAS PROPOSED AN UNUSUAL DEAL TO UK WAS MENTIONED BY PRESIDENT OF SHELL NEDERLAND B.V. AT DINNER IN AMSTERDAM JANUARY 13. MR. J.P. VAN REEVEN TOLD EMBOFF OF STORY HE HAD HEARD DURING TRIP TO LONDON PREVIOUS WEEK TO EFFECT THAT UNNAMED ARAB STATE WANTS TO SELL OIL TO UK NOW IN EXCHANGE FOR EVENTUAL PAYMENT IN NORTH SEA OIL WHEN LATTER COMES ON LINE SOME YEARS HENCE.

2. EMBOFF QUERIED LOCAL REPRESENTATIVE OF AMERICAN OIL COMPANY JANUARY 15 ABOUT FEASIBILITY OF SUCH DEAL AND WAS ASSURED THAT IDEA HAD MERIT, PARTICULARLY FOR OIL PRODUCING NATION WHICH HAS LIMITED RESERVES. DEAL COULD BE FOR PAYMENT IN OIL OR CURRENCY, OR COMBINATION, SHOULD OIL LATER FAIL TO BE DEVELOPED IN SUFFICIENT QUANTITY.

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3. WE THINK ARRANGEMENT MIGHT APPEAL TO NATION SUCH AS UK

WITH SERIOUS CURRENT BALANCE OF PAYMENTS DEFICITS. FROM POINT OF VIEW OF PRODUCER COUNTRY IT WOULD MEAN ACCEPTANCE BY A MAJOR CONSUMING COUNTRY OF AT LEAST THE PRESENT OIL PRICE FOR PERIOD OF CONTRACT. FINALLY, IT MIGHT ALLEVIATE NEED FOR UK TO SPEND HEAVILY ON ENERGY R&D, MAKING IT LESS CERTAIN PARTNER IN ANY IEA EFFORT TO MAINTAIN HIGH IMPORT PRICES TO PROTECT INVESTMENT IN NEW ENERGY SOURCES.

4. COMMENT: WHILE EMBASSY HAS NO WAY TO EVALUATE EITHER ACCURACY OF REPORT ON WHETHER IDEA DOES HAVE MERIT, DEPARTMENT MIGHT WISH TO CONSIDER MATTER. IF DEPARTMENT THINKS IT WORTHWHILE, WE WILL TRY TO OBTAIN MORE INFORMATION FROM VAN REEVEN.

GOULD

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Message Attributes

Automatic Decaptioning: X
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Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
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Margaret P. Grafeld
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05 JUL 2006

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